

April 27, 2012

To: Executive Board

Subject: **March Financial Statements and Investment Summary**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2012.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first nine months of the fiscal year ending June 30, 2012.

Foothill Transit's cash position of \$61.0 million is \$800,000 less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include a decrease in accounts payable of \$5.3 million and capital expenditures in excess of capital revenues. Sources of cash include a decrease in amounts due from other governments of \$3.9 million, a decrease in accounts receivable of \$360,000 and excess operating revenues over expenditures of \$420,000.

March 2012 fare revenues were \$1.57 million, which were \$61,000 more than February revenues and 6.56 percent more than the year-to-date budgeted amount. This is a continuation of the trend established in the prior fiscal year even though budgeted FY 2012 fare revenue estimates were approximately ten percent higher than FY 2011 levels. Ridership has remained relatively flat for more than a year, very similar to the economy. This continues to be good news, indicating the economy may be stabilizing with hopes of future improvements.

Operating costs through March were \$45.89 million, which is \$4.3 million less than the budget. These costs are \$1.0 million or 2.2 percent higher than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as March 31, 2012 shows total assets at \$225.6 million. This total consists primarily of \$154.7 million in fixed assets and \$60.9 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$21.7 million in non-interest bearing accounts held with Bank of the West; \$20.1 million in an interest bearing account with Bank of the West; \$5.2 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with

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Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of March 2012 was 0.383 percent; slightly less than the previous month's rate of 0.389 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with small increases from time to time.

Liabilities

The accounts payable balance is \$4.2 million. \$2.0 million of this amount represents the amount due and payable to the contractors for February and March services. Other amounts payable include fuel costs of \$679,000, \$427,000 due Metro for stored value sales and \$50,000 for the Monrovia Dial-A-Ride.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

March 2012 fare revenue of \$1.57 million was 9.46 percent more than the monthly budgeted amount and \$61,000 more than the previous month. Average monthly revenues through March are \$1.5 million which is \$46,700 or 3.23 percent more than the prior year monthly average. March year-to-date revenues of \$13.7 million are 6.56 percent more than the budgeted amount and \$790,000 more than the prior fiscal year. These could be indicators that the economy is neither improving nor weakening, even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$40.2 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 5.16 percent more than planned for in the budget. The major factor contributing to this increase was Measure R funding. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

March year-to-date operating expenses were \$45.8 million, compared with the budget of \$50.3 million. This difference of approximately \$4.4 million resulted in an 8.9 percent favorable variance. The majority of this favorable variance is the result of \$1.4 million in

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lower than budgeted service cost and fuel cost savings of \$1.7 million, with the balance spread over several departments and not attributable to any one account. It should be noted that the March 2012 year-to-date expenses of \$45.9 million are \$1.0 million more than the prior fiscal year.

Farebox Recovery Ratio

The March 2012 year-to-date farebox recovery ratio was 29.28 percent; 3.32 percent more than the performance target of 25.96 percent. The farebox recovery ratio was derived by dividing the total fare revenue (adjusted for the EZ Transit Pass revenue) figure of \$13,437,964 by the total operating expense figure of \$45,890,911. This ratio has increased 0.01 percent from the February 2012 figure of 29.27 percent.

Sincerely,



Richard Hasenohr
Director of Finance



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of March 31, 2012

Assets

Current Assets:

Cash	\$ 41,844,591
Investments	19,155,129
Due from government agencies	7,996,756
Other receivables	1,580,598
Other assets	255,895
Total Current Assets	<u>70,832,969</u>
Property & Equipment (net of depreciation)	154,718,939
Total Assets	<u><u>\$ 225,551,908</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 4,219,175
Current portion of long term debt	1,000,000
Deferred Revenue	<u>34,628,974</u>
Total Liabilities	<u>39,848,149</u>

Equity

Investment in Fixed Assets (net):	
Fund Balance:	<u>185,703,758</u>
Total Equity	<u>185,703,758</u>
Total Liabilities and Equity	<u><u>\$ 225,551,908</u></u>

Summary of Cash and
Investment Account
For March 31, 2012

Cash:	Interest Rate	Term	Principal Amount/Book Value	Market Value
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$14,382,094	\$14,382,094
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market	0.150%	Demand Deposit	10,020,177	10,020,177
Bank of the West-Money Market	0.250%	Demand Deposit	4,505,290	4,505,290
Bank of the West-Money Market	0.250%	Demand Deposit	4,902,552	4,902,552
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-CTAF ³ Fund	0.750%	Demand Deposit	658,318	658,318
Subtotal Cash on Hand			<u>41,844,591</u>	<u>41,844,591</u>
 Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	5,157,339	5,157,339
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.175%		2,988,000	2,988,000
Treasury Bills			1,998,787	1,998,787
LAIF Investment	0.381%	Demand Deposit	5,011,003	5,011,003
Subtotal Unrestricted Investments			<u>19,155,129</u>	<u>19,155,129</u>
Total Cash and Investments			<u><u>\$60,999,719</u></u>	<u><u>\$60,999,719</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended March 31, 2012

	Actual March-12	Budget March-12	Variance Favorable (Unfavorable)	Actual March-11
Operating Revenue				
Farebox	\$8,524,589	\$8,789,700	(3.02%)	\$8,073,023
Pass Sales	2,361,643	1,993,800	18.45%	2,244,262
TAP Cash Purse	1,527,414	1,066,950	43.16%	1,735,274
MetroLink/Access Services	59,231	19,875	198.02%	22,845
EZ Transit Pass	1,307,086	1,061,550	23.13%	910,914
Total Operating Revenue	13,779,964	12,931,875	6.56%	12,986,318
Non-Operating Revenue				
FTA Sec 5307 Operating	1,311,569			2,715,650
FTA Sec 5307 ARRA				397,988
Transportation Development Act (TDA)	13,075,164	16,287,900	(19.72%)	10,526,883
STA	2,471,742	2,437,500	1.40%	5,280,754
Prop A 40% Discretionary	10,060,662	9,000,000	11.79%	9,555,589
Prop A & C Interest				(10,918)
Prop A 40% BSCP	2,847,591	2,175,000	30.92%	1,803,490
Prop C Base Restructuring	1,331,802	1,275,000	4.46%	1,305,819
Prop C BSIP	620,050	608,250	1.94%	607,950
Prop C Transit Service Expansion	221,934	217,500	2.04%	217,602
Transit Security-Operating	463,248	450,000	2.94%	407,820
Measure R Operating	6,584,508	4,717,500	39.58%	5,558,004
Excise Tax Credit				
Gain on Sale of Fixed Assets	3,154			105,429
ARRA				
Auxiliary Revenue	1,278,556	1,125,000	13.65%	1,196,533
Total Non-Operating Revenue	40,269,980	38,293,650	5.16%	39,668,592
Total Revenue	54,049,944	51,225,525	5.51%	52,654,910
Available Capital Funding				
Capital Grants	14,439,622			14,848,704
Other				
Total Revenue and Capital Funding	68,489,566	51,225,525		67,503,614
OPERATING EXPENSES				
Operations	38,571,698	42,129,525	8.44%	38,146,775
Marketing and Communications	996,134	1,195,875	16.70%	898,380
Information Technology	1,097,991	1,304,250	15.81%	955,574
Administration	1,017,033	1,333,538	23.73%	1,615,903
Procurement	671,785	478,388	(40.43%)	
Sales and Service	1,295,927	1,311,300	1.17%	1,263,370
Finance	923,910	948,150	2.56%	801,232
Safety and Security	490,640	602,250	18.53%	488,419
Planning	375,586	514,950	27.06%	433,289
Building Management	450,207	544,800	17.36%	295,775
Total Operating Expenses	45,890,911	50,363,025	8.88%	44,898,717
Capital and Other Expenses				
Capital	14,648,188		N/A	14,881,378
Interest			N/A	
Dial-A-Ride	481,902		N/A	408,292
Special Services	131,384		N/A	197,317
Other Misc. expense	99,694		N/A	39,438
Total Capital and Other Expenditures	15,361,167		N/A	15,526,425
Increase (Decrease) of Revenues Over Expenditures	\$ 7,237,488			\$ 7,078,472